

REMARKS

This Amendment is made in response to the Final Office Action dated February 23, 2003. A Request for an Extension of Time is submitted herewith to permit the filing of this Amendment in the third month. In the following, the undersigned will respond to each rejection and objection by paragraph number as appears in the outstanding Office Action.

With regard to paragraph 2, Applicants appreciate the Examiner's indication that the claim rejection regarding withdrawn claims, the rejection under 35 U.S.C. § 101 of claims 1-4 and 13-14 as being non-statutory subject matter, the IDS objection and the Section 112 rejection have been withdrawn.

With regard to Paragraph 3, at page 2 of the previous Amendment, Applicant has cancelled "1-65 Cancelled as requested by the Examiner.

With regard to paragraph 4, Applicants respectfully traverse and request reconsideration of the rejection of claims 1-4 and 13-14 as being anticipated under **35 U.S.C. § 102(e)** in view of U.S. Patent No. 6,594,640 of Postrel (herein "the Postrel Patent").

CLAIM 1

Applicants traverse the Examiner's holding that the passages below **of Postrel teach Claim 1:**

1. A method of exchanging first points held by a customer for second points, the first points that are issued by a first point issuer differing from the second points that are issued by a second point issuer, said point exchange method is implemented by a computer programmed to effect the following steps of:

(a) the customer setting a first number of first points to be exchanged

(see column 4, lines 3-45) "A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user's reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

(b) the first and second point issuers setting the point withdrawal and deposit rates of their first and second points respectively

(see column 4, lines 3-45) "A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user's reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange

account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

(column 3, lines 35-45) "An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards."

(column 5, lines 35-40) "The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward server computers 10, 12, 14 may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system."

(column 6, lines 25-50) "The trading server computer 20 'obtains' the reward points from a reward server 10, 12, 14 stored in the user's account 52 by contacting the appropriate reward server via communication flow 110 (step 608) according to the user's requirements, by using the connection parameters as defined in a database 54 on the trading server as shown in FIG. 5. In one embodiment, the trading server retrieves reward point account balance information via communications flow 114 (step 610) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication 110, the requested reward mileage to be redeemed step 612). The

reward server computer 10 decreases the user's reward point account 52 by the requested number of reward points (step 614). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number of reward points decreased in the user's account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points (step 620)."

(column 11, line 60 – column 12, line 8) "The interface would allow a user to login using the frequent flyer account information or preferably, the trading server account login id and password, where the user may use points awarded from another air carrier or point server to "pay" for the services accessed. The account balance from the trading server may be transferred to the local controller prior to takeoff for each user that logs in to the trading server. Once the plane has departed, depending on the linking or access capability afforded by the air carrier or service provider, the user's account may be modified in real time or upon reconnection following landing, based on services selected by the traveler. If a real time link is supported, the user's exchange account may be periodically debited according to the services selected and duration of use."

Applicants assert that the passages of Postrel upon which the Examiner has relied to reject paragraph (b) of Claim 1 are silent as to permitting its point issuers to set withdrawal and deposit exchange rates, much less to use such withdrawal rates and deposit rates to set the price at which points are sold and purchased respectively. Further, the undersigned has studied the above passages from Postrel that were relied upon by the Examiner for their alleged disclosure of paragraph (b) of Claim 1, without finding any indication or teaching of the use of point withdrawal and deposit rates. In the Amendment of December 5, 2005, Applicants requested that if the Examiner would persist that the above passages from Postrel disclose point withdrawal and deposit rates as recited in paragraph (b) of Claim 1, applicant respectfully requests the Examiner to identify that the specific language within these passages upon which he relies to support his rejection of paragraph (b) of Claim 1.

At a second interview of November 7, 2005, SPE Alvarez indicted that paragraph (a) of Claim 1, as reproduced above, was met by the following passages from Postrel:

(column 3, lines 30-39) “What is desired therefore, is a system where users may submit frequent flyer awards or credits accumulated for other types of transactions for redemption or translation into a form readily acceptable by a participating merchant. An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value.”

Applicants respectfully assert that the above quoted passage does not disclose first and second points that are different from each other and permit the respective point issuers to set respectively a first withdrawal rate and a second deposit rate, whereby each of the first and second issuers may control the selling and purchase prices of its respective points. By contrast, the object of Postrel is to accumulate points from different issuer servers 10, 13 or 14 and to “pool” them into a database 54, whereby the user is able to purchase a reward whose redemption requires more points. Consideration is given to companies (point issuers) who took part in the “transaction” (apparently pooling) of accumulating the points from the different companies (apparently the issuers/reward servers). Postrel identifies that a single exchange rate determines the consideration provided to the companies involved in the transaction of pooling. By contrast, applicants employ two exchange rates, i.e., the withdrawal rate for its first points and the depositing rate for a second, different points, whereby the first and second issuers may set the value of each of the withdrawal and deposit rates. Neither the above quoted passages nor the remainder of Postrel teach that at least two issuers may set the price of its respective withdrawal rates and its deposit rates.

(column 7, lines 62-66) “If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption.”

Applicants assert that the quoted passage discloses that a “frequent flyer program” or point issuer may support multiple classifications of miles and how these miles may be managed during redemption. Postrel does not teach as recited in Claim 1, paragraph b of Applicants’ use of withdrawal and deposit rates to enable issuers to control the prices of the first and second points.

(column 7, lines 49-54) “For example, if a user has a preferred air carrier where the user would like to retain mileage in that reward system, the user may specify a priority of use indicating the reward resources that should be exhausted prior to accessing the most desirable rewards. Following the selection of an item to be acquired, the server may contact all of the reward resources according to this profile to selectively redeem each as required to meet the purchase price.”

Applicants respectfully assert that the above quoted passage does not disclose Claim 1, paragraph (b). This passage discloses the prioritizing of the point issuers whose points may be redeemed before exhausting the most desirable rewards. This profile of issuer selections may be used to selectively access and redeem the points in accordance with this profile. This passage, however, is silent as to enabling a first point issuer to set a deposit rate and a second point to set the withdrawal rate, whereby each issuer is enabled to set the price of its withdrawn and deposit rates.

(column 11, lines 61 to Col. 12, line 7) “The interface would allow a user to login using the frequent flyer account information or preferably, the trading server account login id and password, where the user may use points awarded from another air carrier or point server to “pay” for the services accessed. The account balance from the trading server may be transferred to the local controller prior to takeoff for each user that logs in to the trading server. Once the plane has departed, depending on the linking or access capability afforded by the air carrier or service provider, the user’s account may be modified in real time or upon reconnection following landing, based on services selected by the traveler. If a real time link is supported, the user’s exchange account may be periodically debited according to the services selected and duration of use.”

Applicants assert that the above passage relates to a system that permits in-flight services to be paid for by redeeming loyalty points from the user's issuer even when the issuer is another carrier. Provision is made to transfer the user's account to an onboard local controller prior to takeoff. After takeoff, the user's account may be debited in flight if there is a suitable link or, after landing, by reconnection. The above passage is not at all relevant to Applicants' use of their withdrawal and deposit exchange rates.

(column 8, lines 13-26, Figure 9, Step 906) "The trading server has the ability to receive offers from reward servers or merchants (steps 806 and 808) which may then be directed to users based on the database profile information provided by the user (see FIG. 9). At step 900, the reward server contacts the trading server with an offer to redeem points. Similarly, a merchant may contact the trading server with an offer to be distributed to members (step 902). The trading server records the offer in a database (step 906), and the trading server may record a limited conversion rate in its database (step 906)."

Applicants assert that the above passage of Postrel discloses that a user of his reward servers 10, 12 or 14 sends orders to the trading server 20 and to the merchants 30 to redeem points. The above passage discloses that the reward servers 10, 12 or 14 may send orders to the trading server 20 to redeem points, in contrast to Applicant's system which sends redemption orders from one reward server to another. Further, Applicants do not disclose any means resembling Postrel's trading server 20. Rather, Applicants redemption order is transmitted from one reward server to a merchant. Further, the above passage fails to disclose a first point with a withdrawal rate and a second point with a second deposit rate. Though Postrel describes in the above passage a single "limited conversion rate", he does not describe how it is used to redeem points or how it is similar in any manner to Applicant's deposit or withdrawal rates.

Figure 9 and the above quote describe generally a process by which a user redeems its points. Step 906, as identified by SPE Alvarez, records a redeeming order before the trading

server stores a “limited conversion rate” in its database 52. Postrel is silent as to how to use that stored conversion rate to redeem points, much less as to how to transfer points from one user to another in a manner that enables the user to control the price at which the points are withdrawn and subsequently deposited, as taught by Applicants.

(Column 9, lines 10-20) “A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user’s exchange account may then be stored until a user finds an item to be purchased.

In the Examiner’s Response to Arguments as set out at page 7, line 20—page 8, line 2, Paragraph 5 of the outstanding February 23, 2006 Office Action, the Examiner asserts that, “Applicant argues that Postrel does not teach points withdrawal and deposit rate. The Examiner answers that Postrel teaches the withdrawing of points from a user’s reward server account and depositing said points into a user’s exchange account at a conversion or exchange rate (see Postrel column 6, lines 25-50; column 9, lines 10-20).” The undersign does not know whether the Examiner is referring to two rates. If the Examiner meant to refer to two rates (though not stated in the quoted passage), then the undersigned asserts that Postrel does not disclose two rates, much less a deposit rate for setting the purchase price of the first points and a withdrawal rate for setting the sale price of the second points. On the other hand if the Examiner asserts that Postrel discloses only a single rate, that teaching does not meet the Applicant’s recitation of two rates as recited in Claim 1, paragraph b. Clarification is required.

The Examiner relies on the (column 6, lines 25-50) passage and the (Column 9, lines 10-20) passage as reproduced above for a teaching Applicant’s deposit and withdrawal rates.

Though (Column 9, lines 10-20) discloses that the trading server 20 accumulates points from the reward servers 10, 12 and 14, this passage does not disclose Applicants' deposit and withdrawal rates. (Column 9, lines 10-20) does disclose a conversion rate which is involved in transactions whereby a user redeems its points and the conversion rate is "applied to the transaction such that the reward server reduces the available rewards in the user's account." Applicants respectfully traverse the Examiner's statement that "Postrel teaches the withdrawing of points from a user's reward server account and depositing said points into a user's exchange account at a conversion or exchange rate." Rather, Applicants respectfully assert that the use of Postrel's single rate in the context of redeeming rewards for a user does not teach Applicants' withdrawal and deposit rates that facilitate the exchange of points from one of the plurality of reward servers to another of applicants reward servers or issuers.

(c) determining an equivalent number of the second points based upon the point withdrawal and deposit rates of the first and second point issuers respectively, and the first number of the first points

(see column 4, lines 3-45) "A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user's reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional

points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant.”

(column 3, lines 35-45) “An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards.”

(column 5, lines 35-40) “The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward server computers **10, 12, 14** may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system.”

(column 6, lines 37-47) “The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in “frequent flyer” point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number or reward points decreased in the user’s account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month).”

(column 7, lines 35-40) “The trading server computer **20** conveys consideration to the merchant computer **30** equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps **716, 718**). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then

completes the transaction at step 720, for example by delivering the purchased item.”

(column 7, lines 63-67) “If for instance, a frequent flyer program supports multiple classifications of miles that may be redeemed differently, the user may optionally define how those resources should be managed during redemption.”

The undersigned has carefully studied each of the above passages of Postrel and has found no teaching of determining an equivalent number of second points that are sold by the first point issuers and purchased by the second point issuers. Further, the above passages do not disclose the determining of the equivalent number based upon the withdrawal and deposit rates of the first and second points respectively and the number of the first points. If the Examiner persists in his rejection of determining the second equivalent number as a function of the withdrawal and deposit rates, he is requested to identify by lines in the above passages where such disclosures may be found. If the Examiner is unable to point out such teaching, he is requested to withdraw his rejection of paragraph c of Claim 1.

and

(d) exchanging the first number of first points from the first point issuer to the second point issuer for a second equivalent number of second points.

The Examiner asserts that, “Postrel teaches the use of points from one airline issuer to another different airline carrier point issuer”.

(see column 4, lines 3-45) “A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user’s reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange

account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

(column 3, lines 35-45) "An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards."

(column 5, lines 35-40) "The rewarding entities may be any type of entity that has a service for allocating points or consideration for user actions. The reward server computers **10, 12, 14** may be of any type of accessible server capable of holding data about a user along with a corresponding earned value that is negotiable for other goods, services, or points of another system."

(column 6, lines 37-47) "The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number or reward points decreased in the user's account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month)."

(column 10-12)

(column 15-20)

(column 11, line 60 – column 12, line 8) “The interface would allow a user to login using the frequent flyer account information or preferably, the trading server account login id and password, where the user may use points awarded from another air carrier or point server to ‘pay’ for the services accessed. The account balance from the trading server may be transferred to the local controller prior to takeoff for each user that logs in to the trading server. Once the plane has departed, depending on the linking or access capability afforded by the air carrier or service provided, the user’s account may be modified in real time or upon reconnection following landing, based on services selected by the traveler. If a real time link is supported, the user’s exchange account may be periodically debited according to the services selected and duration of use.”

Abstract: “A system and method for operating a reward points accumulation and redemption program wherein a user earns reward points from a plurality of independent reward points issuing entities, with each tracking the user’s earned reward points in a user reward point account stored on a rewards server (such as a frequent flyer account or a credit card loyalty account). On selective request by the user, a trading server accumulates some or all of the user’s earned reward points from the reward servers and credits the accumulated points into a single reward exchange account associated with the user. The user may then select an item for purchase with the accumulated reward points. The item is provided to the user in exchange for a subset or all of the reward points.

In the Examiner’s Response to Arguments as set out at page 8, lines 2-5, Paragraph 5 of the outstanding Office Action, he rejects paragraph d of Claim 1, that recites “exchanging the first number of first points from the first point issuer to the second point issuer.” According to the Examiner, Postrel discloses that there is a plurality of reward servers 10, 12 and 14, each associated with a point issuer. Points are exchanged from one of the reward servers to another. The Examiner reasons, unsuccessfully in Applicants’ opinion, that if “Postrel teaches that users may use points from another air carrier or point server for” first airline carrier services, it must therefor follow, according to the Examiner, that Postrel must teach “the exchange of points from one point issuer to another.”

Both Postrel and Applicant teach that a user associated with first points and a related set of first rewards can use second points from a second air carrier or point issuer to purchase the services or rewards associated with the issuer of the first points. In other words, both of Postrel and Applicant discloses that a user associated with a first reward server can use points from a second set of points to purchase rewards associated with the first reward server.

Even though each of Postrel and Applicant enables a user related to a first reward issue use points from a second reward sever to redeem rewards related to a first reward server, Applicants and Postrel do so in different ways. The Examiner relies on the following passage to describe in detail the Postrel system (see column 11, line 60 – column 12, line 6, which is reproduced above. In particular, this passage discloses that a user desiring access to certain in-flight services of a particular air carrier can use points from its own account within database 54 of the trading server (20). Thus, the “account balance from the trading server 20 may be transferred to a local controller prior to take off for each user that logs in to the trading server” 20. The user may access its trading server 20 to transfer and redeem its account balance from the first point issuers. As Postrel teaches, points from different points issuers 10, 12 or 14 are pooled in the trading server 20 and are stored in a user account of the database 54. Each account stores points from a different issuer and can be accessed by a user to redeem the pooled points.

Applicants assert that its system differs from that of Postrel. As best shown in Fig. 4 and described at Column 5, lines 1- 25, Applicants have invented a new system for pooling points from different issuers to be redeemed by one of the issuers, i.e., a reward server or issuer that has received points from another of the reward issuers. In contrast to Postrel, Applicants do not employ a trading server 20 wherein points from different reward servers 10, 12 and 14 are

pooled. Thus Applicants' system exchanges points from one reward server to another, whereas Postrel pools points from at least two different reward servers 10, 12 and 14 in its trading server 20.

In contrast to the Examiner's view, Postrel teaches that when a user wishes to redeem the pooled points, he/she accesses the trade server 20 to transmit points from the trade server 20 to a merchant 40. Though as stated by the Examiner, Points from two or more reward servers 10, 12 or 14 can be pooled in the trading server 20, no points are transmitted or exchanged from the trading server 20 to any of the reward servers 10, 12 or 14. As a result, the points from one of the reward servers 10, 12 or 14 can not be exchanged with another of the reward servers, but rather are stored together in the trading server 20. Thus, the fact that Postrel can enable a user associated with a point issuer to use or redeem points from another point issuer does not mean that Postrel teaches that one reward server transfers points to another. In view of these differences between Applicants and Postrel's systems, it is respectfully asserted that Postrel does not teach "the exchange of points from one point issuer to another."

The Examiner's comments at lines 6-12 of page 8 of the outstanding Office Action are not deemed to be relevant to Applicant's invention and clarification is requested.

The Applicants request the Examiner to clarify the sentence running over pages 8 and 9 of the outstanding Office Action as to what rejection the Examiner is making.

The paragraph as set out at page 9, lines 3-11 of the outstanding Office Action make several observations about this invention. The undersigned is not clear whether the Examiner is rejecting an unidentified claim and requests clarification as to which claim is rejected and what are the grounds for this rejection.

CLAIM 2

Applicants traverse the Examiner's holding that the passages below of Postrel teach

Claim 2:

2. The method of point exchanging as claimed in claim 1, wherein said step c) of determining an equivalent number of the second points comprises the substeps of:

(i) determining the monetary value of the first number of first points as the product of the first number of first points and the point withdrawal rate of the first point sponsor

(see column 9, lines 10-15) "A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system."

(column 10, lines 15-30) "The user can purchase points from the system, borrow points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions. The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value. Merchandisers also benefit from the use of this system where another marketing channel is afforded for products that are often purchased by frequent travelers with high disposable income. Products and services encompassing jewelry, flowers, limousine transport, timeshare rental may be exchangeable for points stored in this system. Items purchased through the system may also be paid for by a combination of points and currency which might be the case when a user does not have enough accrued points to meet the purchase consideration of an item selected."

Applicants respectfully traverse and request reconsideration of the Examiner's holding that Postrel teaches the determining of the monetary value of the first number of first points as the product of the first number and the point withdrawal rate of the first point issuers, and the equivalent number of the second points as the quotient of the monetary value of the first number of first points divided by the point depositing rate of the second user. If the Examiner can not withdraw his rejection of claim 2, he is requested to identify for the undersigned the column and lines at which such teaching occurs.

and

(ii) determining the equivalent number of the second points as the quotient of the monetary value of the first number of first points divided by the point depositing rate of the second point sponsor

(see column 9, lines 10-15) “A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system.”

(column 10, lines 15-30) “The user can purchase points from the system, borrow points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions. The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value. Merchandisers also benefit from the use of this system where another marketing channel is afforded for products that are often purchased by frequent travelers with high disposable income. Products and services encompassing jewelry, flowers, limousine transport, timeshare rental may be exchangeable for points stored in this system. Items purchased through the system may also be paid for by a combination of points and currency which might be the case when a user does not have enough accrued points to meet the purchase consideration of an item selected.”

CLAIM 3

Applicant traverses that the Examiner’s holding that the passages noted below of

Postrel teach Claim 3:

3. A system for exchanging first points held by a customer for second points, the first points issued by a first point issuer differing from the second points that are issued by a second point issuer, said point exchange system comprising:

(a) a first terminal having a first terminal database for storing an account of the customer’s first points

(see figures 4 and 5);

(b) a second terminal having a second central database memory for storing an account of the customer’s second points

(see figures 4 and 5); and

(c) a transaction center having a center input and a central computer programmed to:

(i) the customer setting via said center input a first number of first points to be

exchanged

(see figure 4, item 20);

(ii) the first and second point issuers setting the point withdrawal and deposit rates of

their first and second points respectively

(column 3, lines 35-55) “An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards. A user who has earned frequent flyer miles or rewards on several sites insufficient to receive any direct value for their mileage may be able to pool the miles acquired from several different air carriers to transfer the awards accumulated to the system of this invention. The user may have the selected items delivered to the user by performing a purchase request by various means such as over the Internet, dialing a toll free number for placing an order, or any other means of placing an order that will accept payment from this system.”

(column 6, lines 37-67) “The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in “frequent flyer” point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number or reward points decreased in the user’s account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points step 620). The trading server computer 20 in turn, receives the consideration from the reward server computer 10 (step 618). Similar communications are made between the trading server 20 and the credit card reward server 12, as indicated by the data communications 120 made by the trading server 20 to the credit card reward server 12 and the data communications 124 made by the credit card reward server 12 to the trading server 20. Likewise, communications are made between the trading server 20 and the marketing

reward server 14, as indicated by the data communications 130 made by the trading server 20 to the marketing reward server 14 and the data communications 134 made by the marketing reward server 14 to the trading server 20. In each case, the trading server 20 increases the user's reward exchange account 54 by the received number of points from the credit card reward server 12 and the marketing reward server 14, respectively."

(column 7, lines 37-40) "The trading server computer 20 conveys consideration to the merchant computer 30 equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps 716, 718). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step 720, for example by delivering the purchased item."

(column 9, lines 10-12) "A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user's account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system."

(column 10, lines 15-20) "The user can purchase points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions. The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value."

(iii) determining an equivalent number of the second points based upon the point

withdrawal and deposit rates of the first and second point issuers respectively, and the first number of the first points:

(column 3, lines 35-55) "An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards. A user who has earned frequent flyer miles or rewards on several sites insufficient to receive any direct value for their mileage may be able to pool the miles acquired from several different air carriers to transfer the awards accumulated to the system of this invention. The user may have the selected items delivered to the user by performing a purchase request by various means

such as over the Internet, dialing a toll free number for placing an order, or any other means of placing an order that will accept payment from this system.”

(column 6, lines 37-67) “The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in “frequent flyer” point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number or reward points decreased in the user’s account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points step 620). The trading server computer 20 in turn, receives the consideration from the reward server computer 10 (step 618). Similar communications are made between the trading server 20 and the credit card reward server 12, as indicated by the data communications 120 made by the trading server 20 to the credit card reward server 12 and the data communications 124 made by the credit card reward server 12 to the trading server 20. Likewise, communications are made between the trading server 20 and the marketing reward server 14, as indicated by the data communications 130 made by the trading server 20 to the marketing reward server 14 and the data communications 134 made by the marketing reward server 14 to the trading server 20. In each case, the trading server 20 increases the user’s reward exchange account 54 by the received number of points from the credit card reward server 12 and the marketing reward server 14, respectively.”

(column 7, lines 37-40) “The trading server computer 20 conveys consideration to the merchant computer 30 equivalent to the cost of the item by means well known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps 716, 718). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step 720, for example by delivering the purchased item.”

(column 9, lines 10-12) “A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system.”

(column 10, lines 15-20) “The user can purchase points from the system, borrow points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions.

The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value.”

and

(iv) providing respectively to said first and second terminals a first transaction message to withdraw the first number of first points from said first terminal database and to deposit the equivalent number of second points in said second terminal database

(column 3, lines 35-55) “An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards. A user who has earned frequent flyer miles or rewards on several sites insufficient to receive any direct value for their mileage may be able to pool the miles acquired from several different air carriers to transfer the awards accumulated to the system of this invention. The user may have the selected items delivered to the user by performing a purchase request by various means such as over the Internet, dialing a toll free number for placing an order, or any other means of placing an order that will accept payment from this system.”

(column 6, lines 37-67) “The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in “frequent flyer” point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number or reward points decreased in the user’s account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points step 620). The trading server computer 20 in turn, receives the consideration from the reward server computer 10 (step 618). Similar communications are made between the trading server 20 and the credit card reward server 12, as indicated by the data communications 120 made by the trading server 20 to the credit card reward server 12 and the data communications 124 made by the credit card reward server 12 to the trading server 20. Likewise, communications are made between the trading server 20 and the marketing reward server 14, as indicated by the data communications 130 made by the trading server 20 to the marketing reward server 14 and the data communications 134 made by the marketing reward server 14 to the trading server 20. In each case, the trading server 20 increases the user’s reward exchange account 54 by the

received number of points from the credit card reward server 12 and the marketing reward server 14, respectively.”

(column 7, lines 37-40) “In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step 720, for example by delivering the purchased item.”

(column 9, lines 10-12) “A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system.”

(column 10, lines 15-20) “The user can purchase points from the system, borrow points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions.

The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value.”

Applicants respectfully traverse, for reasons similar to those stated above with respect to Claim 1, and request reconsideration of the Examiner’s statement that the Postrel Patent teaches that the first and second point issuers set respectively the point withdrawal and deposit rates. Further, Applicants respectfully traverse and request reconsideration of the Examiner’s assertion that the Postrel Patent teaches the determining of an equivalent number of the second points based upon the point withdrawal and deposit rates of the first and second point issuers as recited in step (iii) of paragraph (c) of Claim 3.

CLAIM 4

Applicant traverses the Examiner’s holding that the passages below of Postrel teach

Claim 4:

4. The program managing system as claimed in claim 3, wherein said transaction center further responds to a customer’s order to convert the first number of first points into an

equivalent second number of second points and to deposit the second number of second points in said second database of said second terminal

(column 3, lines 35-55) “An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards. A user who has earned frequent flyer miles or rewards on several sites insufficient to receive any direct value for their mileage may be able to pool the miles acquired from several different air carriers to transfer the awards accumulated to the system of this invention. The user may have the selected items delivered to the user by performing a purchase request by various means such as over the Internet, dialing a toll free number for placing an order, or any other means of placing an order that will accept payment from this system.”

(column 6, lines 37-67) “The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in “frequent flyer” point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number or reward points decreased in the user’s account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points step 620). The trading server computer 20 in turn, receives the consideration from the reward server computer 10 (step 618). Similar communications are made between the trading server 20 and the credit card reward server 12, as indicated by the data communications 120 made by the trading server 20 to the credit card reward server 12 and the data communications 124 made by the credit card reward server 12 to the trading server 20. Likewise, communications are made between the trading server 20 and the marketing reward server 14, as indicated by the data communications 130 made by the trading server 20 to the marketing reward server 14 and the data communications 134 made by the marketing reward server 14 to the trading server 20. In each case, the trading server 20 increases the user’s reward exchange account 54 by the received number of points from the credit card reward server 12 and the marketing reward server 14, respectively.”

(column 7, lines 37-40) “The trading server computer 20 conveys consideration to the merchant computer 30 equivalent to the cost of the item by means well

known in the art of electronic commerce (e.g. by a preexisting account, credit card, etc.) (steps 716, 718). In the alternative, the consideration may be a direct transfer of points to an account associated with the merchant. The merchant then completes the transaction at step 720, for example by delivering the purchased item.”

(column 9, lines 10-12) “A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system.”

(column 10, lines 15-20) “The user can purchase points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions.

The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value.”

Applicants respectfully traverse, for reasons similar to those stated above with respect to Claim 3, and request reconsideration of the Examiner’s statement that Postrel teaches that the transaction responds to a customer’s order to convert the first number of first points into an equivalent second number of the second points and to deposit the second number of second points in second database of the second terminal. Further, Applicants respectfully traverse and request reconsideration of the Examiner’s assertion that Postrel teaches the recited transaction center and second database of the second terminal.

CLAIM 13

Applicants Traverse the Examiner’s holding that the passages of Postrel below teach Claim 13:

13. A method of exchanging first points that are issued by a first point issuer for second, different points that are issued by a second point issuer at exchange rates set by the first and second point issuers respectively, said points exchanging method is implemented by a computer programmed to effect the following steps of

*Applicants respectfully assert that the Postrel Patent discloses none of the following recitations of **Claim 13** of the Postrel Patent: the preamble, paragraph (a), paragraph (c) and paragraph (d). In particular, Applicants respectfully traverse and request reconsideration of the Examiner's assertion that Postrel teaches the following recitations of Applicants: 1) the preamble of Applicant's claim 13 reciting "A method of exchanging first points that are issued by a first point issuer for second, different points that are issued by a second point issuer at exchange rates set by the first and second point issuers respectively;" and the 2) paragraph reciting "(a) entering the "first and second exchange rates by the first and second point issuers respectively."*

(a) entering first and second exchange rates by the first and second point issuers
respectively

(see column 3, line 35 – column 4, line 45) "An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards. A user who has earned frequent flyer miles or rewards on several sites insufficient to receive any direct value for their mileage may be able to pool the miles acquired from several different air carriers to transfer the awards accumulated to the system of this invention. The user may have the selected items delivered to the user by performing a purchase request by various means such as over the Internet, dialing a toll free number for placing an order, or any other means of placing an order that will accept payment from this system.

SUMMARY OF THE INVENTION

This invention allows a user to purchase goods or services using accumulated award points held by a variety of award programs. A frequent flyer program is typical of the systems to be encompassed by this invention. Tie-in promotions have been introduced over the past several years that have allowed purchases for

goods and services such as hotel or car rentals to accumulate award miles that are then recorded on the airline award system. More recently credit card companies offer cards where a mile award is made for every dollar spent using that credit card. These cards may additionally award bonus miles in coordination with user purchases of preferred products.

A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the user has reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

(column 6, lines 37-67) "The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number or reward points decreased in the user's account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points step 620). The trading server computer 20 in turn,

receives the consideration from the reward server computer 10 (step 618). Similar communications are made between the trading server 20 and the credit card reward server 12, as indicated by the data communications 120 made by the trading server 20 to the credit card reward server 12 and the data communications 124 made by the credit card reward server 12 to the trading server 20. Likewise, communications are made between the trading server 20 and the marketing reward server 14, as indicated by the data communications 130 made by the trading server 20 to the marketing reward server 14 and the data communications 134 made by the marketing reward server 14 to the trading server 20. In each case, the trading server 20 increases the user's reward exchange account 54 by the received number of points from the credit card reward server 12 and the marketing reward server 14, respectively."

(column 10, lines 15-20) "The user can purchase points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions.

The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value."

Applicants respectfully assert that by contrast to Applicants' invention, the Postrel Patent discloses in its Figure 4 a plurality of reward servers 10, 12 and 14, each of which serves as an issuer of points. Even so, the Postrel Patent fails to disclose that each of the reward servers or issuers 10, 12 and 14 is able to issue different points with different exchange rates as set by each of the issuers 10, 12 and 14. The undersigned has carefully considered those passages of the Postrel Patent set out above, upon which the Examiner has relied on for his characterization of the preamble and paragraph (a) of Claim 13. The most relevant portion of the Postrel Patent as identified by the Examiner is found at column 10, lines 18-20, which reads: "(t)he system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value." This single cited sentence does not teach whether the referred to values are being used as exchange rates, much less that these withdrawal and deposit rates are being set by the respective first and second issuers from which the points are issued.

(b) entering a customer's order for exchanging first points for second points

(see column 3, line 33 – column 4, line 45) “An exchange rate will be established for the relative consideration received by the companies involved in the transaction. A user should be able to pool the various earned rewards that may exist in currently separate server systems where the resulting combined value may be used by a user of the system to acquire items of equivalent value. In another embodiment, the award program looking to reduce frequent flyer liabilities may contact users and arrange for a transfer of the reward miles into a value (which may be predetermined) to be credited to the trading system reward. Alternatively, the points may be bid for in an auction environment where points may be used to bid for certain awards. A user who has earned frequent flyer miles or rewards on several sites insufficient to receive any direct value for their mileage may be able to pool the miles acquired from several different air carriers to transfer the awards accumulated to the system of this invention. The user may have the selected items delivered to the user by performing a purchase request by various means such as over the Internet, dialing a toll free number for placing an order, or any other means of placing an order that will accept payment from this system.

SUMMARY OF THE INVENTION

This invention allows a user to purchase goods or services using accumulated award points held by a variety of award programs. A frequent flyer program is typical of the systems to be encompassed by this invention. Tie-in promotions have been introduced over the past several years that have allowed purchases for goods and services such as hotel or car rentals to accumulate award miles that are then recorded on the airline award system. More recently credit card companies offer cards where a mile award is made for every dollar spent using that credit card. These cards may additionally award bonus miles in coordination with user purchases of preferred products.

A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the user has reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated

merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

(column 5, lines 60-65) "The present invention allows issuers who originally sold reward points in their program for use as an incentive by third parties to repurchase points at a substantial discount, thereby reducing their liability and allowing for a trading strategy that enables points to continually be sold and repurchased. This may be a separate accounting procedure than what is used for points that are granted."

(column 6, lines 37-67) "The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number of reward points decreased in the user's account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points step 620). The trading server computer 20 in turn, receives the consideration from the reward server computer 10 (step 618). Similar communications are made between the trading server 20 and the credit card reward server 12, as indicated by the data communications 120 made by the trading server 20 to the credit card reward server 12 and the data communications 124 made by the credit card reward server 12 to the trading server 20. Likewise, communications are made between the trading server 20 and the marketing reward server 14, as indicated by the data communications 130 made by the trading server 20 to the marketing reward server 14 and the data communications 134 made by the marketing reward server 14 to the trading server 20. In each case, the trading server 20 increases the user's reward exchange account 54 by the received number of points from the credit card reward server 12 and the marketing reward server 14, respectively."

(column 9, lines 5-20) “The processor of the reward server may perform actions that may allow or refuse the requested action. In another embodiment, the trading server processor may be granted direct authorization to modify the user’s records in the reward server database without analysis by the processor of the reward server. A conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward system. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped. A transaction log may be used to record each of the transactions in case a reconciliation process is required at a later time. The increase in the user’s exchange account may then be stored until a user finds an item to be purchased.”

(column 10, lines 15-20) “The user can purchase points from the system, etc., and basically treat the points as cash consideration for purposes of such transactions.

The system can prioritize the order of points being traded based on a predetermined set of rules such as in higher value points being issued before those with a lower value.”

(c) determining the presence or absence of each of the first and second exchange

rates

(see column 4, lines 1-45) “A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user’s reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user’s reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points

for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant.”
and

(d) blocking the exchange of points in the absence of either of the first or second
exchange rates

(column 4, lines 1-45) “A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user’s reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user’s reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of

providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant.”

(column 9, lines 5-7) “The processor of the reward server may perform actions that may allow or refuse the requested action.”

*In the Examiner’s **Response to Arguments**, lines 3-11 of page 9, Paragraph 5 of the outstanding Office Action, the Examiner rejects paragraphs (c) and (d) of claim 13, stating, “that Postrel teaches that the point issuers may allow or refuse the transaction, that the reward server (10, 12 and 14) applied a conversion rate to said transaction (see above column 9, lines 5-20) and that an exchange rate would be established for the relative consideration received by the companies involved in the transaction (see above column 3, lines 30-33). Also, (column 5, lines 60-65) teaches the selling and buying of points. Therefore, Postrel point issuers have control in the buying and selling of points. Postrel points issuers need to have control of the exchange and conversion rate of their points because said points are treated as cash for purpose of transaction. (see column 10, lines 15-17)”.*

*In his **Response**, the Examiner mentions that a conversion rate and an exchange rate effect various undescribed operations of Postrel and argues that the disclosed teaching of “selling and buying of points” enables “point issuers (to) have control in the buying and selling of points.” First, though Postrel might for the sake of argument empower the user to sell and buy points, it does not follow that the mentioned exchange and conversion rates would in some unexplained manner enable the point users “to have control of the exchange and conversion rate.” Second, the various rates cited by the Examiner do not operate in a manner similar to that of Applicants. For example, the conversion rate of Postrel, that is described at Column 9, lines 5 – 20 (reproduced above), is applied to a transaction such that the reward server reduce the available rewards in the user’s account. The conversion rate (described at column 3, lines*

30 – 36 above) “will be established for the relative consideration received by the companies involved in the transaction.” The aforementioned rates of Postrel relate to a merchant and establishing a redemption of points that would be acceptable to a participating merchant, whereas Applicants’ rates do not effect the redemption of rewards from a merchant. Applicants’ transactions differ from those of Postrel’s. In particular, Applicants’ transactions relate to the exchanging of first points for second points, whereas Postrel’s’ transactions relate to redeeming points as explained above. In view of the above discussion, Applicants respectfully assert that Postrel does not disclose the steps of determining the absence of the first and second rates, much less to block the exchange of first points for second points in the absence of either the first or second exchange rates.

Under the “**Response to Arguments**” heading, the Examiner has described the following operations of Postrel: 1) Postrel teaches in column 9, lines 10-21 that the “ conversion rate may be applied to the transaction such that the reward server reduces the available rewards in the user’s account. The reward server then transfers consideration to the trading server that corresponds to the value reduced in the reward server. In response to the receipt of the transfer or approval of the transfer, the trading server increments the user account balance to reflect the received consideration and the connection to the reward server is dropped.” (see Page 8, lines 5 – 11 of the outstanding Office Action of February 23, 2006), and 2) “The Applicant argues that Postrel does not teach transmitting reward points from one of the reward servers 10, 12 and 14 to another of the reward servers or issuers 10, 12 or 14. The Examiner answers that Postrel teaches in column 11, lines 62-67 the user of points awarded from another point server to pay for services for a first point server. Therefore, Postrel teaches transmitting reward points from different point servers.” (see Page 8, lines 12 – 15 of the Office Action dated February 23,

2006). *The undersigned has reviewed these passages and notes that neither of them apply or otherwise teach recitations (c) and (d) of Claim 13 of Applicants. Clarification is requested.*

CLAIM 14

Applicants traverse the Examiner's holding that the passages of Postrel below teach Claim 14.

14. A system for facilitating the exchange of points from or to a selected one of a plurality of point programs at exchange rates set by a proprietor of the selected one point program, said system comprising:

For the reasons set out in detail with respect to Claim 1, paragraph b, the undersigned asserts that Postrel does not disclose a system that is capable of exchanging points from or to a selected one of a plurality of point programs at exchange rates set by the a proprietor of the selected one program. As explained in detail with respect to claim 1, paragraph d, Postrel does not exchange points to a "point program." i.e., any one of the reward servers 10, 12 or 14.

(a) at least one terminal associated with the selected one point program and comprising a terminal input, a terminal database and a terminal server programmed to:

(i) respond to a customer command to withdraw for and/or deposit points into said terminal

(see column 6, lines 1-52) "The method of allowing the user to redeem the accumulated reward points from one or more of a plurality of reward entities will now be described with respect to FIG. 4 and the data flow diagram of FIG. 6. The trading server system would allow users to "log in" to access the functionality provided where the user may interact with applications, forms or controls. For example, the user may view his account information by using a web browser to enter the appropriate identification and then select buttons, links or other selectable objects to navigate to the part of the system desired. If the user does

not yet have an account (step 602), then the user may be enrolled per the flow diagram of FIG. 8 (step 604) as discussed below. The user, from the user computer, makes a request to the trading server 20 via a communications flow 102 (step 600), requesting redemption through the network 2 for a portion of the pre-accumulated reward points stored for the user in one of the rewarding entities. A user's reward point account 52 is associated with each of the reward servers but is only shown in FIG. 4 connected to the airline server for sake of clarity. Communications are made by the trading server 20 to the user computer 40 via communications data flows 104. The user may interactively select rewards to be redeemed, or the system may determine which rewards are to be redeemed based on a previously defined user profile rule (step 606). The trading server computer 20 "obtains" the reward points from a reward server 10, 12 or 14 stored in the user's account 52 by contacting the appropriate reward server via communication flow 110 (step 608) according to the user's requirements, by using the connection parameters as identified in a database 54 on the trading server as shown in FIG. 5. In one embodiment, the trading server retrieves reward point account balance information via communications flow 114 (step 610) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication 110, the requested reward mileage to be redeemed (step 612). The reward server computer 10 decreases the user's reward point account 52 by the requested number of reward points (step 614). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in "frequent flyer" point or mile. The reward server computer 10 conveys consideration to the trading server computer 20 where the consideration corresponds to the number or reward points decreased in the user's account 52 on the reward server 10 (step 616). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer 20 increases the reward exchange account 54 associated with the user by the received number of points (step 620). The trading server computer 20 in turn, receives the consideration from the reward server computer 10 (step 618)."

The undersigned has studied carefully the passage (column 6, lines 1-52) without finding a disclosure of a terminal associated with one of the point programs to respond to a command from a customer or a user to cause the point program terminal to withdraw or to deposit points from or to the terminal.

(ii) the point program proprietor entering and storing in said terminal database of exchange rates for the points of the selected one loyalty program

(see column 6, lines 1-25) "The method of allowing the user to redeem the accumulated reward points from one or more of a plurality of reward entities will

now be described with respect to FIG. 4 and the data flow diagram of FIG. 6. The trading server system would allow users to “log in” to access the functionality provided where the user may interact with applications, forms or controls. For example, the user may view his account information by using a web browser to enter the appropriate identification and then select buttons, links or other selectable objects to navigate to the part of the system desired. If the user does not yet have an account (step 602), then the user may be enrolled per the flow diagram of FIG. 8 (step 604) as discussed below. The user, from the user computer, makes a request to the trading server 20 via a communications flow 102 (step 600), requesting redemption through the network 2 for a portion of the pre-accumulated reward points stored for the user in one of the rewarding entities. A user’s reward point account 52 is associated with each of the reward servers but is only shown in FIG. 4 connected to the airline server for sake of clarity. Communications are made by the trading server 20 to the user computer 40 via communications data flows 104. The user may interactively select rewards to be redeemed, or the system may determine which rewards are to be redeemed based on a previously defined user profile rule (step 606).”

and

- (iii) detect the absence of the exchange rates for the selected one point program to transmit a blocking signal

(see column 4, lines 1-45) “A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user’s reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user’s reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the

purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant.”

The undersigned has carefully studied the above passage (Column 4, lines 1-45) without finding a disclosure of the step for determining the absence of the exchange rate for a selected point program and , in response to detecting the absence of the exchange rates, to transmit a blocking signal.

and

(b) a transaction center coupled by a data transmission path to said one terminal and comprising a center input and a center server programmed to:

(i) respond to customer input on said center input for transmitting via the data transmission path to said one terminal the command whereby points are withdrawn and/or deposited into the point program associated with said one terminal

(see column 6, lines 1-55) “The method of allowing the user to redeem the accumulated reward points from one or more of a plurality of reward entities will now be described with respect to FIG. 4 and the data flow diagram of FIG. 6. The trading server system would allow users to “log in” to access the functionality provided where the user may interact with applications, forms or controls. For example, the user may view his account information by using a web browser to enter the appropriate identification and then select buttons, links or other selectable objects to navigate to the part of the system desired. If the user does not yet have an account (step 602), then the user may be enrolled per the flow diagram of FIG. 8 (step 604) as discussed below. The user, from the user computer, makes a request to the trading server 20 via a communications flow 102 (step 600), requesting redemption through the network 2 for a portion of the pre-accumulated reward points stored for the user in one of the rewarding entities. A user’s reward point account 52 is associated with each of the reward servers but is only shown in FIG. 4 connected to the airline server for sake of clarity. Communications are made by the trading server 20 to the user computer 40 via

communications data flows **104**. The user may interactively select rewards to be redeemed, or the system may determine which rewards are to be redeemed based on a previously defined user profile rule (step **606**). The trading server computer **20** “obtains” the reward points from a reward server **10**, **12** or **14** stored in the user’s account **52** by contacting the appropriate reward server via communication flow **110** (step **608**) according to the user’s requirements, by using the connection parameters as identified in a database **54** on the trading server as shown in FIG. **5**. In one embodiment, the trading server retrieves reward point account balance information via communications flow **114** (step **610**) from the reward server for the user. In another embodiment, the trading server transfers as part of the communication **110**, the requested reward mileage to be redeemed (step **612**). The reward server computer **10** decreases the user’s reward point account **52** by the requested number of reward points (step **614**). The term point is used to reference any earned value that has a cash equivalent or negotiable worth as in “frequent flyer” point or mile. The reward server computer **10** conveys consideration to the trading server computer **20** where the consideration corresponds to the number or reward points decreased in the user’s account **52** on the reward server **10** (step **616**). For example, the consideration may be in the form of a monetary credit to an account that exists between the trading server and the reward server, that gets paid at the end of a predefined billing cycle (i.e. every month). The trading server computer **20** increases the reward exchange account **54** associated with the user by the received number of points step **620**). The trading server computer **20** in turn, receives the consideration from the reward server computer **10** (step **618**).”

The undersigned has carefully studied the above passages (column 6, lines 1-55) and (column 4, lines 1-45) without finding the transmitting to the point program terminal a command whereby points are with drawn and/or deposited into the point program associated with the one program.

and

(ii) respond to the blocking signal to prevent the transmission of the command

(see column 4, lines 1-45) “A system and method are disclosed where the system allows the user to redeem the accumulated reward points from a plurality of reward entities for exchange with a merchant. The user requests process for redemption of the pre-accumulated reward points comprises the steps of the user requesting, via a user computer, a trading server computer to obtain reward points from a reward server associated with a rewarding entity with which the use has reward points. The reward server computer decreases the user’s reward point account by the requested number of reward points. The reward server computer conveys consideration to the trading server computer, where the consideration

corresponds to the number of reward points decreased in the account of the reward server. The trading server computer increases the reward exchange account on the trading server associated with the user by the requested number of points. The trading server receives the consideration from the reward server computer. Following or anticipating this conversion into the trading server, the user requests a purchase of an item from an associated merchant computer by selecting the item to be purchased from a plurality of available items. The trading server computer confirms that the user's reward exchange account contains sufficient points to purchase the selected item. The user may purchase additional points in the event that his account does not contain the requisite number of points for making the purchase transaction. The trading server computer requests the merchant computer to deliver the item to the user. The trading server decreases the user exchange account by the number of points corresponding to the purchased item and the trading server computer conveys consideration to the merchant computer equivalent to the required points. In another embodiment, the user may redeem rewards at the reward server following the selection of an item to be acquired. Policies may be established to automatically contact each of the reward servers according to a user procurement profile to transact the required payment. This profile may indicate the order of redemption and method of providing funds sufficient to cover the purchase after redeemable points are exhausted. After redemption the consideration is transferred to the respective merchant."

The undersigned has studied the passage (column 4, lines 1-45) without finding the step of responding to the blocking signal to prevent the transmission of the command.

Applicants express their appreciation to Examiner Lastra for the courtesies extended to the undersigned at a telephonic conference of August 15, 2006. At that interview, the undersigned discussed with the Examiner the new claims that the undersigned proposed to file in this applicant to clarify the differences between Applicants' invention and the teachings of the Postrel patent. In this Preliminary Office Action, Applicants formally files new claims 21 -28 and asserts that they are patentably distinct from Postrel. In particular, these new claims focus on the use of a common monetary currency which is used by Applicants for redeeming and purchasing points from a plurality of loyalty point system. In particular, each points issuer has a withdrawal rate which facilitates the redemption of points with a first points issuer and a deposit

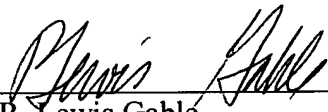
rate which facilitates the purchase of points from a second issuer, which subject matter is not taught by Postrel. Applicants requests that the Examiner review these new claims and the previously presented claims which have been amended to clarify the patentable differences between Applicants' invention and the teachings of Postrel.

In summary, Applicants respectfully state that the Postrel Patent does not teach their claimed invention, much less the entry by the program reward points and storage in that terminal data base of exchange rates for the points of the selected one royalty program, detect the absence of exchange rates for the selected one point program to transmit a blocking signal, and to respond to the blocking signal to prevent the transmission of the command.

If the Examiner is unable to allow this application, he is requested to place a call to the undersigned to suggest those Amendments whereby this application may be passed to issuance.

Respectfully submitted,

COWAN, LIEBOWITZ & LATMAN, P.C.

By: 
R. Lewis Gable
Registration No. 22,479
1133 Avenue of the Americas
New York, NY 10036-6799
Telephone: (212) 790-9228
Fax: (212) 575-0671